

# EASTSIDE POWER AUTHORITY

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## Officers:

August 15, 2008

Harold Nelson  
*President*

Attention: POU SB 1 Compliance Report  
California Energy Commission  
1516 Ninth Street, Sacramento, CA 95814

Richard Neece  
*Director*

This Report was prepared in compliance with the Reporting Requirements for 2008 listed on pages 27-28 of the CEC's Guidelines for California's Solar Electric Incentive Programs Pursuant to Senate Bill 1 (SB1).

Gary Schulz  
*Director*

Andrew Pandol  
*Exofficio Director*

Eastside Power Authority ("ESPA" or "Authority") is a joint powers authority comprised of public agencies (3 irrigation district members and 3 water district associates). The joint powers agreement includes provision for participation by associates, which are also public agencies including three water districts (collectively, the parties and associates are called "Participants"). Five of the six Participants are ESPA's power customers and use electric power for purposes such as providing irrigation and municipal and industrial water.

Stephen Sloan  
*Exofficio Director*

Dale Brogan  
*Manager*

ESPA is a publicly-owned electric utility ("POU") as defined in Public Utilities Code section 9604(d). However, in 2007, all ESPA participants paid "Public Purpose Program Charges" through their Utility Distribution Company, Southern California Edison. Therefore, ESPA participants are eligible for and have been approved for participation in the California Solar Initiative, administered through Southern California Edison. In addition, the Authority's Board of Directors adopted, implemented, and funded a solar initiative program ("SIP") for the purpose of investing in, and encouraging the installation of solar energy systems by its customers.

## Member Districts:

Delano-Earlimart  
Irrigation District

### **1. Solar program overview and contribution toward goals, including:**

Lindsay-  
Strathmore  
Irrigation District

#### **a. Outreach and marketing, overview of program administration and activity during reporting period**

Terra Bella  
Irrigation District

Based upon the most complete information at that time from the U.S. Department of Energy ([www.eia.doe.gov/cneaf/electricity/esr/table10.xls](http://www.eia.doe.gov/cneaf/electricity/esr/table10.xls)) and the California Energy Commission's Electricity Analysis Office, ESPA calculated its obligation to be at 0.049% of the total obligation set for POUs by SB1. Accordingly, the ESPA responsibility is approximately 350 kW of member-owned solar electric systems. SCE extracts approximately \$208,000 in public purpose funding; an undisclosed portion of this goes toward SB1 implementation.

## Associate Districts:

Kern-Tulare  
Water District

Pursuant to the joint powers agreement, ESPA's Board of Directors is comprised of representatives from its three irrigation district Participants. ESPA holds Board meetings as needed that are subject to the California Open Meetings Law (Ralph M. Brown Act) whereby each meeting requires a public notice, open discussions, and written, official minutes of each meeting. The Board meetings, therefore, comprise ESPA's routine and formal method to "market" and discuss the SIP with customers.

Rag Gulch Water  
District

San Luis Water  
District

During this reporting period from January 1 through March 31, 2008, ESPA held two Board meetings during which the SIP was discussed. All ESPA Participants have expressed interest in the SIP.

**b. Problems identified and resolutions or recommended mitigation**

*Problem:* ESPA is unlike other POU's which generally have thousands of residential/commercial customers that pay standardized rates and the cost can be shared across the rate base fairly easily. On the contrary, the ESPA Participants are few in number and continue to pay Public Purpose Charges through their UDC. ESPA must craft an SIP that encourages Participants to install ESPA's full allotment of PV systems, yet fairly distributes the costs and benefits.

*Resolution:* Utilize the existing California Solar Initiative program.

*Problem:* Because of the seasonality of energy consumption of the Authority's irrigation loads, excess solar generation returned to the grid in the winter months will be uncompensated. The CAISO requires a 1 MW minimum for an intermittent generator that must be at a single meter location in order to receive market compensation for excess generation.

*Resolution:* Unresolved. ESPA and others must expend further effort in getting the CAISO to allow net generation credits and scheduling of aggregate solar installations

*Problem:* ESPA's participant loads are spread over a 30 mile radius. District high demand loads do not have available real estate to accommodate appropriately sized solar PV systems.

*Resolution:* ESPA hired an engineering firm that: (1) evaluated solar PV generation potential by Participant load; (2) evaluated the possible MRTU pricing by Participant service territory; (3) evaluated various siting opportunities; (4) evaluated the attributes of various solar technologies; and (5) formulated a ranking based on the evaluations.

*Problem:* Even with the California Solar Initiative program incentives, including demand charge savings and hydroelectric power pooling, the levelized cost of solar energy is 20 to 40 percent higher than delivered current market alternatives. Early analysis identified that the costs of debt financing of solar PV development was a key element to this high cost.

*Resolution:* ESPA's Board of Directors authorized applications for Clean Renewable Energy Bonds "CREB" through the Internal Revenue Service. The applications for CREBs were subsequently not approved because of system size.

**c. Opportunities for the year ahead**

The ESPA Board and its individual Participants continue to consider the results of engineering studies and solar integrator and power purchase agreement offers. All six Participants have expressed an interest in solar development. ESPA may consider CREB applications in the next allocation cycle, and with smaller system applications.

**2. Number of submitted applications:**

Six CSI – PBI applications; Participants chose to apply for CSI – Performance Based Incentives, though system costs remain above market alternatives.

**3. Total incentives awarded, including:**

A total of 4.5 MW of PBI applications were approved by SCE. Participant review of the engineering studies and integrator proposals is ongoing. To date, project economics are not reasonably acceptable.

**a. Total public purpose program charges paid to SCE through reporting period,**

For the 2008 calendar year reporting period ESPA paid \$ 8,904.10.

ESPA paid \$ 204,887.22 in 2007. ESPA would prefer to administer these funds directly rather than through SCE. This funding, if returned to ESPA, would fully fund development of 5 MW of solar installations.

**b. Total solar incentive expenditures,**

ESPA spent \$250,000.00 CSI application fees, engineering feasibility studies, and site environmental studies in 2007-2008 and determined that at that time solar power was not an economical resource.

**4. The total number of systems installed:**

None. Participant review of the engineering studies and integrator proposals is ongoing.

**5. Amount of added solar capacity installed and expected generation:**

None. Participant review of the engineering studies and integrator proposals is ongoing.

ESPA will remain abreast of new technologies, incentives and trends related to solar power and will investigate economically promising opportunities.

Sincerely,

  
Dale Brogan, Manager  
Eastside Power Authority